

June 7, 1995



Mr. Ruben McCullers  
Work Assignment Manager  
RCRA Branch, Waste Management Division  
U.S. EPA Region 7  
726 Minnesota Avenue  
Kansas City, Kansas 66101

**Subject: Review of Four Supplemental Environmental Projects (SEP) for the  
Knapheide Manufacturing Company, West Quincy, Missouri  
Work Assignment No. R07001, EPA Contract No. 68-W4-0004**

Dear Mr. McCullers:

PRC Environmental Management, Inc. (PRC), has reviewed the four SEPs dated May 5, 1995, for compliance with Paragraph 2 of the First Modification to the Consolidated Consent Agreement and Consent Order (CA/CO), dated March 8, 1995, and the "Policy on the Use of Supplemental Enforcement Projects in EPA Settlements" dated February 12, 1991.

PRC is submitting a hard copy and disk copy of the review comments on the four SEPs. PRC has found that for every SEP, additional information is needed from the Knapheide Manufacturing Company to determine whether the SEP is legitimate. PRC has made no recommendations as to the dollar amount of penalty offset because of the need for additional information.

If you have any questions or comments, please call me at (913) 573-1826.

Sincerely,

Patrick Splichal  
Environmental Scientist

Enclosure

cc: Aaron Zimmerman, U.S. EPA-RPO  
John Parks, PRC  
Mark Johnson, PRC



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RCRA Records Center

## INTRODUCTION

PRC Environmental Management, Inc. (PRC), reviewed four Supplemental Environmental Projects (SEP) submitted by the Knapheide Manufacturing Company (Knapheide) on May 5, 1995. The four SEPs were reviewed to determine whether they met the requirements in the First Modification to the Consolidated Consent Agreement and Consent Order (CA/CO) dated March 8, 1995, and the "Policy on the Use of Supplemental Enforcement Projects in EPA Settlements" dated February 12, 1991. In this document, PRC provides comments on the four SEPs and requests additional information to justify the SEP costs. PRC has not made recommendations on penalty offset dollar amounts for each SEP because of the need for additional justification on the cost of each SEP.

## COMMENTS

### **SEP 1--Examine the Environmental Impact of the Flood on the West Quincy, Missouri, Facility and Dispose of the Above Ground Tanks and Wood Treatment Building**

The comments on SEP 1 are presented according to the three tasks identified for penalty offset in the SEP.

#### Cleanup of the Buildings and Grounds

1. The SEP states that costs associated with this task include costs for removal and disposal of mud and debris left by the flood and for repair or replacement of all walls of buildings damaged by the flood waters. Cleaning up the property and buildings and repairing buildings are considered good management practices (GMP) and not a SEP, as there is no environmental benefit from these activities. If Knapheide wants to show that these cleanup and repair activities constitute a SEP, then detailed information must be provided by Knapheide to demonstrate their environmental benefits.
2. The SEP also states that the costs associated with this task include the cost of a postflood investigation of the facility by Schreiber, Grana & Honly, Inc., environmental consultants, and by Harold Huggins of the facility to assess any environmental damage. This is also considered a GMP based on the small amount of information provided in the SEP. To show that the postflood investigation constitutes a SEP, Knapheide must demonstrate that environmental damage was caused by the flood, was noted during the postflood investigation, and was subsequently repaired.
3. The SEP claims that \$146,631 was spent on this task. If Knapheide can show that either of the abovementioned activities was a SEP, then a detailed breakdown of the costs must be presented showing which costs are associated with each cleanup or repair activity and a breakdown of costs by labor, equipment, and supplies.

#### Disposal of the Tanks, Tank Contents, and Clean and Close Piping

4. This task includes costs associated with disposal of six aboveground tanks, the tank contents, and the associated underground piping. Four of the tanks contain heating oil #2, one tank contains xylene, and the other tank contains an aliphatic hydrocarbon-based solvent with toluene (Barton D100). Aboveground product storage tanks are not covered by Missouri environmental laws or regulations; heating oil #2 stored in underground storage tanks (UST) is exempt from UST regulations; and petroleum products are not regulated by the Resource Conservation and Recovery Act (RCRA). Therefore, disposal of the heating oil #2, the tanks, and the associated piping could not be considered necessary to meet any regulatory requirements. PRC believes that all activities associated with the heating oil #2 tanks are a SEP because leaving the heating oil #2 in the four tanks would create a future environmental threat. If the heating oil is going to be transferred to the temporary facility in Quincy, Illinois, then this transfer would be considered a GMP. Knapheide must provide documentation on where the heating oil #2 is disposed of, who performs the dismantling and disposal services, and when these activities occur, as well as a paid invoice for all these activities in order to gain approval of this task as a SEP and a determination of penalty offset.
5. Paragraph 2 on page 3 of this SEP states that Knapheide has eliminated the processes supported by the solvent tanks. Based on discussion in the SEP and the language in Paragraph 2a. of the First Modification to the CA/CO, the solvents are considered to be product (nonwaste). If Knapheide removes these solvents from the tanks and uses them at its temporary facility in Quincy, Illinois, this action would be considered a GMP. Knapheide must provide documentation on where the solvents are disposed of, who performs the dismantling and disposal services, and when these activities occur, as well as a paid invoice for all these activities in order to gain approval as a SEP and a determination of penalty offset. The ultimate location of solvent disposal will dictate whether this task is a SEP or a GMP.

#### Dismantling and Disposing of the Damaged Wood Treatment Building

6. Knapheide states that this task is a SEP with a cost of \$2,000. However, the SEP makes no mention of the environmental benefit of dismantling and disposing of this building. If this building is contaminated with fungicides and pentachlorophenol from the wood treatment solution, then it would be considered a SEP. Knapheide must provide documentation in the form of analytical results to show that the building is contaminated and that removing the building would be a benefit to the environment.
7. The last paragraph on page 3 states that the total cost for this SEP is \$194,631. However, the sum of the costs presented in the cost estimate on page 2 is \$162,631. Knapheide must resolve this discrepancy.

## SEP 2--Fighting the Great Flood of 1993

1. Knapheide employees helped lay sandbags and reinforce levees to prevent flooding in the Fabius levee district, a 15,000-acre area protected by a U.S. Army Corps of Engineers levee system. Knapheide operated a facility in this levee district. Knapheide has categorized this activity as a pollution prevention project that cost \$254,282. PRC believes that all sandbagging and other activities done to prevent the Knapheide facility from flooding are GMPs and do not qualify for penalty offset as a SEP. However, PRC believes that flood fighting activities carried out by Knapheide to protect other facilities and farmsteads constitute a SEP because these activities gave the facilities enough time to remove oil, gasoline, pesticides, and other chemicals which minimized contamination of the Mississippi River and downstream properties. For Knapheide to claim these activities as a SEP, it must provide a detailed cost breakdown of labor hours and materials used in helping to protect other facilities from the flood.

## SEP 3--Paint Usage and VOC Reduction in Temporary Plant

1. Knapheide states that an Air Permit Variance has been granted by the Illinois Environmental Protection Agency (IEPA) to allow Knapheide to use paints with volatile organic compound (VOC) levels ranging from 6.0 to 6.5 pounds per gallon (lb/gal) as opposed to the IEPA regulatory limit of 3.5 lb/gal. To allow an assessment of the applicability of this SEP, Knapheide must submit a copy of the variance and a copy of the applicable IEPA regulations. This information will help in determining whether Knapheide is performing a SEP or simply complying with current IEPA regulations.
2. Paragraphs 2, 3, and 4 on page 1 of this SEP state that Knapheide changed the type of paints used from 10.5 to 48.8 percent solids paints and 26.3 to 52.7 percent solids paints. Page 2 of the SEP states that VOC emissions were reduced from 79,200 to 46,092 lb from January and February 1994 versus January and February 1995. However, no discussion or calculations are presented to demonstrate that VOCs in the "new" paints are below the variance level of 6.0 to 6.5 lb/gal or the IEPA regulatory limit of 3.5 lb/gal. Knapheide must provide Material Safety Data Sheets for the "old" and the "new" paints and must provide calculations to demonstrate that the "new" paints have VOC levels below those granted in the variance or below the IEPA regulatory limit.
3. The SEP makes no mention of any air permit for VOC emissions at the new facility. If IEPA or the requirements of the Clean Air Act (CAA) dictate that a permit must be obtained to emit a specified amount of VOCs, then modifications of processes at the temporary facility in order to ultimately achieve compliance with permits for the new facility would not qualify as a SEP. Knapheide must demonstrate that no air permit will be required at the new facility.
4. Knapheide states that \$209,675 was spent to purchase the bake ovens and miscellaneous equipment that enabled Knapheide to switch to the higher solids paints. Knapheide must submit copies of the paid invoices for these ovens to justify a potential penalty offset.

#### SEP 4--Paint Technology Investigation/Consulting

1. This SEP involves costs for studying the best available painting technologies to exceed the regulatory requirements for VOC emissions. Studies of pollution prevention or pollution reduction measures are allowable SEPs according to Section G of the SEP policy. However, Knapheide's costs to perform its study will not be available for potential offset until Knapheide has implemented the new painting technologies.
2. Page 1 of the cost breakdown contains an inconsistency in the event dated January 27 and 28, 1994. The "attendees" line item cost is listed as "18 attendees @\$40K each \* 2 days" equaling \$5,760. An error is present in this calculation. Knapheide must resolve this discrepancy.
3. In several instances on all three pages of the cost breakdown, travel for the Knapheide employees is billed at \$738 per hour. However, this rate is always the same no matter how many people are listed in the line item and no matter which people are listed. Knapheide must provide clarification for this apparent inconsistency.
4. For potential penalty offset determinations, Knapheide must submit invoices and expense sheets for all consulting costs and employee costs to justify the costs listed in the SEP.